

Message Text

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PAGE 01 STATE 106140
ORIGIN NEA-04

INFO OCT-01 EUR-04 ISO-00 /009 R

66011

DRAFTED BY:NEA/EGY:CAKENNEDY

APPROVED BY:NEA/EGY:MR.BEYER

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FM SECSTATE WASHDC

TO USMISSION OECD PARIS IMMEDIATE

C O N F I D E N T I A L STATE 106140

FOR US DEL TO IBRD (EGYPT) CONSULTATIVE GROUP

FOLLOWING REPEAT CAIRO 7820 SENT ACTION SECSTATE INFO TOKYO
MAY 9TH.

QUOTE: C O N F I D E N T I A L CAIRO 7820

FOR NEA/EGY; USMISSION PASS USDEL IBRD CONSULTATIVE GROUP

E.O. 11652: GDS

TAGS: EAID, EG, US

SUBJECT: ASSISTANCE TO EGYPT: SOVIET DEBT

REF: (A) 75 CAIRO 5061, (B) 75 CAIRO 5167 (C) TOKYO 6667

1. IN 1975, WHEN (THEN) U/SEC ROBINSON WAS CHARGED WITH
RESPONSIBILITY FOR U.S. EFFORTS TO ENCOURAGE ADDITIONAL
ASSISTANCE FOR EGYPT, HE MADE POINT TO PM SALEM AND (THEN)
MINFIN ABU ISMAIL THAT THERE SHOULD BE NO NET REPAYMENT ON
EXISTING DEBT TO FOREIGN GOVERNMENTS DURING TIME PERIODS IN
WHICH EMERGENCY BOP ASSISTANCE IS BEING RECEIVED (REF A).
SIMILAR PRESENTATIONS HAVE BEEN MADE ON SAME SUBJECT SINCE
(REF B), BUT ISSUE HAS NOT BEEN RAISED IN PAST TWO YEARS OR
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SO WITH EGYPTIANS AS FAR AS EMBASSY IS AWARE. (SOVIET EMBASSY
HAS BEEN INFORMALLY ADVISED OF THIS STRICTURE IN CONTEXT OF
OVERALL DISCUSSION OF USSR-EGYPT TRADE AND INDEBTEDNESS, BOTH
DURING 1975, AND IN MORE RECENT TIMES.)

2. AS DEPARTMENT IS AWARE, QUESTION OF SOVIET DEBT HAS
BEEN LEFT UNSETTLED SINCE CHANGE IN RELATIONSHIP BETWEEN

TWO COUNTRIES FOLLOWING 73 WAR, AND A DE FACTO MORATORIUM, MORE OR LESS, EXISTS INsofar AS REPAYMENT OF MILITARY AND ECONOMIC DEBT ARE CONCERNED. COMMERCIAL DEBT IS ALLEGEDLY BEING PAID OFF BY SURPLUS OF EGYPTIAN EXPORTS OVER IMPORTS FROM USSR, AND ALTHOUGH THERE IS DISAGREEMENT OVER THE ISSUE BY PARTIES INVOLVED, GOE TAKES PUBLIC POSITION IT IS REDUCING OUTSTANDING DEBT IN THIS MANNER.

3. RECOGNIZING FUNGIBILITY OF ALL FORMS OF ASSISTANCE, AND IN AWARENESS THAT CONGRESS TAKES A FULLY COMPREHENSIBLE DIM VIEW OF EVEN MOST INDIRECT USE OF AMERICAN AID TO PAY OFF DEBTS TO ANYONE, PARTICULARLY RUSSIANS, WE SUGGESTED THAT DEPARTMENT CONSIDER HAVING THE POINT STRESSED AGAIN AT PARIS CG MEETING. IT IS OUR UNDERSTANDING THAT FUND AND BANK SUBSCRIBE IN GENERAL TERMS TO THE BASIC POSITION EXPLAINED BY ROBINSON, AND IT IS ENTIRELY POSSIBLE OTHER PARTICIPATING STATES MAY FEEL THE SAME WAY.

4. BY PLACING THE SUBJECT IN CG CONTEXT, WE WOULD MAKE IT A MULTI-LATERAL UNDERSTANDING, COVER OUR OWN CONCERNS, AND PROVIDE GOE WITH A MEANS TO FEND OFF SOVIETS IN AN OPEN AND LEGITIMATE MANNER THAT WOULD DMINISH THE (ADMITTEDLY SMALL) ADVERSE EFFECT ON THEIR CREDIT RATING AS A RESULT OF CURRENT NON-PAYMENT OF DEBTS OWED. IT SHOULD BE NOTED THAT SINCE USSR IS STILL SUPPLYING VARIOUS ECONOMIC ASSISTANCE, E.G., EXPANSION OF NAG HAMMADI ALUMINUM PLANT, THERE WOULD PERHAPS BE SOME ROOM FOR LIMITED REPAYMENT IF EGYPTIANS WANTED TO DO IT, IN AMOUNTS THAT DID NOT EXCEED INFLOW.

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5. EMBASSY RECOGNIZES THAT ISSUE IS FAIRLY COMPLICATED, AND INVOLVES NUMBER OF CONSIDERATIONS BOTH FOR EGYPTIANS AND FOR USG. PURPOSE OF THIS MESSAGE IS TO BRING THE QUESTION TO DEPARTMENT'S ATTENTION IN EVENT ITS DISCUSSION AT CG APPEARS USEFUL, SINCE WE HAVE SEEN NO REFERENCE TO IT IN USG POSITION PAPERS FOR CG.

6. FOR TOKYO. THIS MESSAGE PROVIDES GENERAL RESPONSE TO JAPANESE QUESTIONS RAISED IN REF C, WHICH JUST RECEIVED. SUGGEST DEPT PROVIDE SPECIFIC ANSWERS SOUGHT BY JAPANESE. EILTS UNQUOTE CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Concepts: DEBT REPAYMENTS, FOREIGN ASSISTANCE
Control Number: n/a
Copy: SINGLE
Sent Date: 10-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: GS
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Film Number: D770164-1114
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ISecure: 1
Legacy Key: link1977/newtext/t19770573/aaaacglv.tel
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